Appendix B:
Tenant File Review Checklist
Instructions

Tenant File Review Checklist Instructions
Rental Integrity Monitoring
Public Housing / Sec. 8 Housing Choice Voucher

General Information

As a part of Rental Integrity Monitoring (RIM) income and rent reviews, HUD staff are to determine Public Housing Agency (PHA) compliance with federal public housing income and rent regulations and requirements, through review of a sample of public housing and Section 8 Housing Choice Voucher (HCV) tenant file records. For purposes of RIM reviews, tenant file records are the critical pieces of source documentation, used as evidence to support HUD determinations and conclusions in all areas of the review.

The **Appendix A: RIM Tenant File Review Checklist** has been designed to guide the HUD reviewer through a file review and to document the results of the review. This **Appendix B: RIM Tenant File Review Checklist Instructions** has been designed as a reference document, offering detailed, line-by-line guidance to the HUD reviewer for completing the file review checklist. The instructions explain each piece of information included in the tenant file review, as well as the conclusions the HUD reviewer must reach when examining the information.

Using the Checklist and the Instructions

1. Review the contents of *each* tenant file included in the tenant file sample, completing a copy the file review checklist (**Appendix A**) as documentation of the file review.

2. The checklist is divided into the following sections:

   - **Header**
   - **A. Family Composition**
   - **B. Annual Income and Assets**
   - **C. Dwelling Unit / Utility Allowance**
   - **D. Adjusted Income**
   - **E. Rents – Public Housing only**
   - **F. Family Rent and HAP – Section 8 HCV only**

3. Proceed through the checklist, section-by-section, recording information and answering questions, as appropriate.

   - Complete the Header and Sections A. through D. for both public housing and Section 8 HCV families.

   - Complete Section E. for public housing families only. Complete Section F. for Section 8 HCV families only.

   - In all sections, record the information, including dollar amounts, that the PHA is using in the income and rent process, as reflected in the file record. Also record HUD calculation results, where these differ.

   - In all sections, assess the accuracy and thoroughness of file information by answering the questions about the information. Where a definitive "Yes/No" answer cannot be determined, based on the file record, indicate "Unclear" and make a note of the issue. Where a question is not applicable to a given family, simply draw a line through the question, note "N/A" beside the question, or some other reasonable method.

4. Cross-reference tenant file information with information recorded on the HUD-50058, Family Report, for the family (where the HUD-50058 is available). Shaded cells on the checklist represent information found in the tenant file that may also be found on the HUD-50058.

5. Use the checklist instructions (**Appendix B**) as a *reference* document, as necessary, to clarify the type of information to be gathered on the checklist, the conclusions to be reached and the basis for those conclusions. Instructions are organized to correspond to the checklist section titles.

6. Where tenant file income and rent calculations are confusing or unclear, use the actual HUD-50058 for the family as the first option for clarification. Where the HUD-50058 is unavailable, the reviewer may use a blank copy of the HUD-50058, or may use **Appendix C: RIM Tenant File Review Checklist Worksheets** to manually calculate and cross-check various aspects of income and rent, based on the file documentation. Worksheets are organized to correspond to the checklist section titles.

Checklist Worksheets

To support the file review, worksheets have been developed for use in calculating public housing and Section 8 HCV income and rent, with detailed instructions for the use of each worksheet. Worksheets are found as a separate **Appendix C** to the **RIM Guide**.

Worksheets may be used as necessary to aid the HUD reviewer in determining and documenting income and rent, based on the contents of the tenant file. Worksheets are particularly useful for situations where tenant file documentation is confusing or unclear, and a HUD-50058 is unavailable for the family. Worksheets also include information not found on the HUD-50058.

The Worksheets are organized to correspond to the appropriate section of the checklist where they might be used:

- *B. Annual Income and Assets Worksheet*
- *C. Dwelling Unit / Utility Allowance Worksheet*
- *D. Adjusted Income Worksheet*
- *E. Public Housing Rent Worksheet*
- *F. Section 8 HCV Rent and HAP Worksheet*

On-hand Resources for Tenant File Reviews

During the course of each tenant file review, the HUD reviewer will need to refer to various PHA policies, PHA procedures, documents, schedules and other resources in order to check the file documentation. Following is a partial listing of resources that the HUD reviewer should have "on-hand" when conducting a file review.

a. **Public Housing Admissions and Occupancy Policies** – including occupancy standards, flat rent schedules, ceiling rent schedules (if any), minimum rent schedule, PHA "alternative" income-based rent determination method (if any), including PHA use of "permissive" deductions when computing Adjusted Income

b. **Section 8 Administrative Plan** – including subsidy standards, minimum rent schedule, payment standard schedules, policies on use of "special" housing types, etc.

c. **Utility Allowance schedules** – both public housing and Section 8 HCV

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    d. Form HUD-50058 and Form HUD-50058 Instruction Booklet

    e. Housing Choice Voucher Guidebook

    f. HUD Notice PIH 2001-15 (HA) – improving income integrity

    g. HUD Notice PIH 2001-41 (HA) – Section 8 tenant-based assistance for housing conversion actions.

Other documents and resources may also be useful and should be requested as needed, depending on the particular circumstances of the tenant file under review.

Categories of Tenant Families

The tenant file checklist, the instructions, and the worksheets reference two basic categories of tenant families:

- **Recent Admission** families are families who have been admitted to public housing within the past 12 months (for public housing), or have initially leased a unit under the PHA's Section 8 HCV program within the past 12 months (for Section 8 HCV families).

- **Reexamination** families are families that have been residents in the PHA's public housing program (for public housing families), or participants in the PHA's Section 8 HCV program (for Section 8 HCV families) for at least one year and have undergone at least one reexamination of family income and composition.

Requirements differ slightly between these two categories of families. Where appropriate, the checklist, instructions and worksheets note these differences.

In addition, *for Section 8 HCV families only*, the checklist, the instructions and the worksheets make a distinction between two additional categories of families:

- **Mover** families are Section 8 assisted families who have moved <u>within</u> the PHA's jurisdiction with continued assistance within the past 12 months.

  These families are unique in that, because their assistance is on-going, the PHA should be conducting regular reexaminations of income and composition for the families. In this respect, Mover families are similar to Reexamination families. However, because they have recently moved to a new unit within the jurisdiction, the tenant file record should include evidence of voucher issuance, request for tenancy approval, initial HQS inspections, determination of unit and owner eligibility, etc. In this respect, Mover families are similar to Recent Admission families.

- **Portability-In** families are Section 8 assisted families who have exercised portability to *move into* the PHA's jurisdiction within the last 12 months.

  These could be families where the PHA is acting as the Receiving PHA, administering assistance and billing the Initial PHA. Or, they could be families where the PHA has elected to "absorb" the family into their own Section 8 program. Portability-In families are similar to Mover families in that they are not selected from the waiting list but will have recently gone through the process of voucher issuance and lease-up. However, in some cases, Portability-In families are also similar to Recent Admission families in that the PHA must establish eligibility for certain Portability-In families, prior to providing assistance.

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Header

At the top of each checklist, record the following information:

- Indicate the name of the **PHA** being reviewed (HUD-50058, line 1a.)

- Indicate the **PHA Number** (HUD-50058, line 1b.)

- Record the name of the **HUD Reviewer** conducting the review of this particular tenant file.

- Record the **Date** of the review, either the date(s) of the RIM review as a whole or the date of this particular file review. All documentation related to a given RIM review should be dated.

- To readily identify this particular file review, record the **Last Name of the Family Head** for the tenant family whose file is being reviewed (HUD-50058, line 3b.)

- Indicate the **Social Security Number (SSN)** of the Family Head (HUD-50058, line 3n.)

A. Family Composition

This section captures basic information about family composition and characteristics, important for establishing the eligibility for admission and continued occupancy of the family and its members, the family's qualifications for various income deductions and allowances, the appropriate unit size and type for the family, the appropriate subsidy standard for the family, among other determinations.

All relevant information about family composition and characteristics should be found in the tenant file. No standard format exists. Information is likely to be recorded on one or more documents developed by the PHA for this purpose. The PHA may also maintain a copy or a portion of the Form HUD-50058 in the tenant file.

The section also asks the reviewer to assess the quality of the PHA's application and reexamination processes, as reflected in this particular tenant file.

For a **Recent Admission** family, whether public housing or Section 8 HCV, examine any PHA-developed application form(s) or other documents and materials used by the PHA in the application process to successfully establish family eligibility, suitability, subsidy standard, income, deductions, etc. For this type of family, the PHA will be establishing eligibility for the first time. The HUD reviewer will examine the relevant information, captured by the PHA in its application materials, and ensure that this information has been verified and documented using third-party, written verification whenever possible.

For a **Reexamination** family, whether public housing or Section 8 HCV, the HUD reviewer will be examining the most recent reexamination process for the family and the extent to which the PHA used reexamination form(s), "continued occupancy" forms or other documents and materials to successfully establish the tenant family's current circumstances – income, deductions, changing family composition, eligibility of new members, etc. Note that family circumstances might have changed since the prior family reexamination (or family admission if this is the first reexamination). Eligibility and suitability of new members joining the household since admission or since the last reexamination should be documented.

A.   *Family Composition*

Reexamination requirements differ slightly for public housing and Section 8 HCV.

- Every tenant family that has been in occupancy with the PHA for at least one (1) year should contain a record of an annual reexamination of some kind.

- For the Section 8 HCV program, the PHA is required to reexamine both income <u>and</u> composition of every housing voucher family at least annually. The annual reexamination determines the continued eligibility of the family and establishes the HAP subsidy payment to be made on behalf of the family.

- For the public housing program, the PHA is required to reexamine the family composition of every family at least annually. The PHA is required to reexamine family income at least annually for a family paying an <u>income-based</u> rent. However, for a family paying a <u>flat rent</u>, the PHA is required to reexamine family income at least once every three (3) years. For a flat rent family, the HUD reviewer will need to determine where the family is in the 3-year "cycle" and ensure that the annual reexamination is covering the appropriate information for that year.

In addition, the PHA may require the family to report interim changes in family income or family circumstances as well. PHA policy could require an interim reexamination, special reexamination, or some other type of reexamination "in-between" the regular annual reexamination. Or, the family's situation may be such that the PHA schedules regular interim reexaminations on a monthly, quarterly, semi-annual, or some other basis, until the family's situation stabilizes. For these interim or special types of reexaminations, the PHA may not necessarily re-verify all of the family's information, but only those pieces of information that prompted the interim reexamination to begin with (e.g., fluctuating income, uncertain custody and family composition, etc.).

While not directly related to income and rent determinations, two eligibility screening criteria are important for purposes of this review. These include the provision of Social Security Numbers **(SSNs)** for all family members age six and older, and the establishment of **citizenship** or **eligible immigration status** of all family members. The HUD reviewer should examine each tenant file record for clear verification and documentation of these two criteria, whether at admission for all family members or at reexamination for any new members joining the family.

Lines	File Review Guidance
1.a. – 1.i.	For <u>each family member</u>, record the following information under the appropriate column: • **Last Name** (HUD-50058, line 3b.) • **First Name** (HUD-50058, line 3c.) • **Relation** in the family (HUD-50058, line 3h.) • **Date of Birth** (HUD-50058, line 3e.) • **Sex** (HUD-50058, line 3g.) • **Social Security Number** (HUD-50058, line 3n.) The unit may include residents who are <u>not</u> considered family members (for example, live-in aide(s), foster children, foster adults, etc.). This information should be determined based on the "relation" code on HUD-50058, line 3h., for each household resident. List these residents in the table, noting their relationship to the family and any other pertinent information (age, sex, etc.). While not eligible as family members, these additional residents will affect the size and type of unit the family is entitled to.

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A. Family Composition

Lines	File Review Guidance
	In addition, the following determinations must be made <u>by individual family member</u>. Assess the following and place a checkmark "√" under the appropriate column.
9886?	Review the file for evidence of execution of Form HUD-9886, <u>Authorization for the Release of Information / Privacy Act Notice</u>, to be signed by each member of the family household age 18 years or older. PHAs should secure signatures at the time of application for recently admitted families. At the time of reexamination, the PHA should also secure signatures of any new adult members joining the household, or any existing family members who reach the age of 18. The PHA may routinely require a new HUD-9886 to be signed and executed at every reexamination, in order to have a relatively current authorization on file for new verifications. (NOTE: In addition to HUD-9886, the PHA may have developed its own release, consent and authorization forms to use for verification of specific types of information).
Dis?	Determine whether this particular family member has a **Disability** (HUD-50058, line 3j.) and, if so, confirm that this status is verified and documented.
	• Establishing whether the family head or spouse is a *person age 62 or older*, or whether the family head or spouse is a *person with disabilities*, is important for determining whether the family will qualify for the mandatory income deduction given to all elderly/disabled families and for the mandatory medical deductions given to all elderly/disabled families.
	• Establishing whether <u>any</u> family member meets the definition of a *person with disabilities* is important for determining whether the family will qualify for the mandatory deduction for attendant care and disability assistance expenses for a family with a disabled family member.
C/EI?	Confirm that the PHA has verified and documented **citizenship** or **eligible immigration status** (HUD-50058, lines 3i. And 3p.) for this particular family member.
	• Establishing the number of family members <u>with</u> and the number <u>without</u> citizenship or eligible immigration status is an important determination, both for the family's eligibility and for proration of rental assistance for "mixed" families (discussed later in the checklist).

Complete **Line 2.a.** through **Line 2.f.** only for a tenant family who is a **Recent Admission** family. Then proceed to *Section B. Annual Income and Assets*.	

Lines	File Review Guidance
2.a.	Identify **Date of Admission** from the tenant file records.
	• Date of admission should correspond to HUD-50058, line 2b. – Effective date of action, where line 2a. – Type of action, is Code 1: "New Admission."
	Use the dwelling lease to cross-check the actual date of admission.

A.   Family Composition

Lines	File Review Guidance
2.b.	The PHA's own internally-developed materials used to gather basic family information in the application process are critical to establishing the family's eligibility, computing income and rent, etc. These materials should be examined closely to ensure that they are effective in identifying <u>all</u> aspects of the family's situation, that key information is not omitted and that the PHA is using the materials properly and consistently. Review the application materials used for this family to ensure that the materials capture information necessary to establish eligibility and suitability for tenancy, including: • All information related to income, exclusions, deductions, other factors affecting rent, family composition and circumstances, etc. • All information relevant to eligibility of the family, particularly income eligibility, provision of Social Security Numbers and citizenship/eligible immigration status. Many PHAs use Form HUD-50058 as a supporting document for applications. While maintaining a copy of the HUD-50058 in the tenant's file is certainly acceptable, the HUD-50058 was not designed to serve as the actual application form. In reviewing the tenant files, the HUD reviewer should ensure that the PHA does not rely solely on the HUD-50058 to document the application process.
2.c.	Confirm that a copy of Form HUD-9886, <u>Authorization for the Release of Information / Privacy Act Notice</u>, was signed by each member of the family household age 18 years or older. Refer to the **"(9886)"** column on the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section to identify any individual family members who are missing the notice.
2.d.	Ensure that all family members are clearly identified, that family composition and member characteristics are clear, and that this information is adequately documented using proper verification methods. Refer to the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section.
2.e.	The family is required to disclose SSNs for all family members at least six (6) years of age. The PHA is required to document SSNs, using appropriate verification methods. If no SSN has been assigned to a particular family member, a certification to that effect must be in the file. Ensure that SSN information is adequately documented using proper verification methods. Refer to the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section.
2.f.	The family is required to establish citizenship or eligible immigration status for each family member. The PHA is required to document this information, using appropriate verification methods. Where the family is unable to establish citizenship or eligible immigration status for each family member, the family may still qualify as a "mixed" family eligible for *prorated* rental subsidy assistance. Ensure that information is adequately documented for all family members using proper verification methods. Refer to the **"(C/EI)"** column on the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section to identify any individual family members who are missing the documentation. For those <u>non</u>-citizen family members claiming eligible immigration status, and who submit the required documentation and evidence, the PHA is required to verify that status with the Immigration and Naturalization Service (INS). This verification process would be conducted by the PHA simultaneously with verification of other aspects of the family or family member's eligibility.

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A.   *Family Composition*

Lines	File Review Guidance
	The INS verification process involves primary and secondary verification:

Primary Verification

Primary verification of the individual's eligible immigration status is conducted by the PHA through the INS automated system – Systematic Alien Verification for Entitlements (SAVE). The SAVE system provides the following information:

- Alien registration number
- Verification number
- First name
- Last name
- Immigration status message (If the primary verification method confirms eligible immigration status, the PHA will receive a message of "INS Status Confirmed." If the primary verification method fails to confirm eligible immigration status, the PHA will receive a message of "Institute Secondary Verification." In this case, secondary verification must be performed.)

Secondary Verification

Within 10 days of receiving the response of "institute secondary verification," the PHA must initiate secondary verification. The PHA submits a written request for secondary verification to a designated INS office. The request consists of photocopies (front and back) of the original INS documents submitted by the individual, attached to a copy of INS form G-845S. Upon receipt of this information, INS undertakes a manual search of its records in an attempt to determine the individual's immigration status. Upon conclusion of this manual search, INS will return the documents to the PHA with a completed copy of INS form G-845S. If eligible immigration status is confirmed, the form will so indicate. If INS is unable to confirm eligible immigration status, the form will so indicate.

A. Family Composition

Complete the following **Line 3.a.** through **Line 3.k.** only for a tenant family who is a **Reexamination** family. Then proceed to *Section B. Annual Income and Assets*.

Lines	File Review Guidance
3.a.	Identify **effective date** of the **current reexamination**, from the tenant file records. Effective date of the reexamination should correspond to HUD-50058, line 2b. – <u>Effective date of action</u>, where line 2a. – <u>Type of action</u>, is either: • Code 2: "Annual Reexamination"; • Code 3: "Interim Reexamination"; • Code 12: "Flat Rent Annual Update" (for annual reexamination of family composition only); and • Code 7: "Other Change of Unit (if the PHA conducts some type of reexamination in conjunction with a family move to a different unit between regularly scheduled reexaminations) The PHA will have its own written materials used to facilitate the reexamination process. Use the PHA's forms, the dwelling lease, or any riders or attachments to the lease, to cross check the reexamination effective date. Identify the **effective date** of the immediate **prior reexamination** (or **admission**, if this is the first reexamination)., from the tenant file records.
3.b.	Record the specific type of reexamination under review for this family. • Annual Income & Composition – applicable to all Section 8 HCV families, to all public housing families paying an income-based rent, and could also be conducted for a public housing family paying a flat rent; • 3-Year Income & Composition – applicable only to a public housing family paying a flat rent; • Annual Composition only – applicable only to a public housing family paying a flat rent; • Interim / Special / Other – applicable to any family, Section 8 HCV, public housing income-based rent or public housing flat rent, depending on the circumstances which prompted the reexamination.
3.c.	*All Section 8 HCV only:* The PHA must conduct regular *annual* reexaminations of both income and composition for all Section 8 HCV-assisted families, and ensure that the regular reexaminations take effect within a 12-month period of each other. Review the documentation for the prior regular family reexamination (or family admission, if this is the first reexamination.). Compare the effective date of the **prior** reexamination/admission with the effective date of the **current** regular reexamination (**Line 3a.**). Ensure that no more than 12 months have passed between the effective dates of these two events.
3.d.	*All Public Housing only:* Regardless of rent method chosen in the public housing program – **income-based rent** or **flat rent**, the PHA must conduct an *annual* reexamination of family composition. Review the documentation for the prior family reexamination of family composition (or family admission, if this is the first reexamination.). Compare the effective date of the **prior** reexamination/admission with the effective date of the **current** reexamination of family composition (**Line 3a.**). Ensure that no more than 12 months have passed between the effective dates of these two events.

A. Family Composition

Lines	File Review Guidance
3.e.	***Public Housing Income-based Rent only:*** For a family paying an **income-based rent**, the PHA must conduct regular *annual* reexaminations of income, and ensure that the regular reexaminations take effect within a 12-month period of each other. This would be coordinated with the annual reexamination of family composition (see **Line 3.d.**). Review the documentation for the prior family reexamination of family income (or family admission, if this is the first reexamination.). Compare the effective date of the **prior** reexamination/admission with the effective date of the **current** reexamination of family income (**Line 3a.**). Ensure that no more than 12 months have passed between the effective dates of these two events.
3.f.	***Public Housing Flat Rent only:*** For a family paying a **flat rent** only, the PHA must conduct a reexamination of income at least once every three years. Review the documentation for the prior family reexamination of family income (or family admission, if this is the first reexamination.). Compare the effective date of the **prior** reexamination/admission with the effective date of the **current** reexamination of family income (**Line 3a.**). Ensure that no more than 36 months have passed between the effective dates of these two events.
3.g.	Unlike recent admissions, the PHA will not be establishing eligibility or suitability of the family at reexamination. However, annual reexaminations will require re-verification of income, composition and other family circumstances that might affect the eligibility of any family members and their qualification for income exclusions, deductions, etc. The PHA's own internally-developed materials used to gather basic family information in the reexamination process are critical. These materials should be examined closely to ensure that they are effective in identifying <u>all</u> aspects of the family's situation, that key information is not omitted and that the PHA is using the materials properly and consistently. The HUD reviewer should review the reexamination materials used for this family to ensure that all relevant information has been verified and documented by the PHA. • All information related to income, exclusions, deductions, other factors affecting rent, family composition and circumstances, etc. • All information relevant to eligibility of <u>new</u> family members, SSNs, citizenship and eligible immigration status, criminal and drug activity screening, registered sex offender screening, etc. • All information relevant to changing family circumstances which might affect family income and rent. This could include current family members gaining citizenship or eligible immigration status since admission, or since the last reexamination. Many PHAs use Form HUD-50058 as a supporting document for reexaminations. While maintaining a copy of the HUD-50058 in the tenant's file as a supporting document is certainly acceptable, the HUD-50058 was not designed to serve as a reexamination form. In reviewing the tenant files, the HUD reviewer should ensure that the PHA does not rely solely on the HUD-50058 to document the reexamination process.

A.   Family Composition

Lines	File Review Guidance
3.h.	Ensure that all family members are clearly identified, that family composition and member characteristics are clear, and that this information is adequately documented using proper verification methods. Refer to the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section. Where family composition and characteristics have changed since admission or since the last reexamination, including adding new members, ensure that the PHA is capturing this information in the reexamination process, properly screening these new members for eligibility and suitability for tenancy, as it would with any new admission to the program. In addition, if the family household has added new residents who are <u>not</u> family members (e.g., live-in aides, foster children, foster adults, etc.), ensure that the PHA is capturing this information and applying some form of screening to these new residents, as well.
3.i.	Confirm that a copy of Form HUD-9886, <u>Authorization for the Release of Information / Privacy Act Notice</u>, was signed by each member of the family household age 18 years or older. Refer to the **"(9886)"** column on the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section to identify any individual family members who are missing the notice. The PHA should secure signatures at the time of reexamination as a condition of continued assistance for reexamination families.
3.j.	The family is required to disclose SSNs for all family members at least six (6) years of age. The PHA is required to document SSNs, using appropriate verification methods. If no SSN has been assigned to a particular family member, a certification to that effect must be in the file. Ensure that SSN information is adequately documented using proper verification methods. Refer to the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section. For a reexamination family, SSNs should have been disclosed and verified during admission or a prior reexamination and would not have to be re-verified unless family member circumstances have changed. However, the HUD reviewer may need to search documentation prior to the current reexamination to identify SSN disclosure, documentation and/or certification. The tenant file should include disclosure and documentation of SSNs for any <u>new</u> family members joining the family since the prior reexamination, as well as disclosure and documentation of any family members who have reached the age of six (6) since the prior reexamination, and did <u>not</u> disclose/document SSNs at the prior reexamination.

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3.k.	The family is required to establish citizenship or eligible immigration status for each family member. The PHA is required to document this information, using appropriate verification methods. Where the family is unable to establish citizenship or eligible immigration status for each family member, the family may still qualify as a "mixed" family eligible for *prorated* rental subsidy assistance.
	Ensure that information is adequately documented for all family members using proper verification methods. Refer to the **"(C/EI)"** column on the family composition table (**Line A.1.a.** through **Line A.1.i.**), earlier in this section to identify any individual family members who are missing the documentation.
	For those <u>non</u>-citizen family members claiming eligible immigration status, and who submit the required documentation and evidence, the PHA is required to verify that status with the Immigration and Naturalization Service (INS). This verification process would be conducted by the PHA simultaneously with verification of other aspects of the family or family member's eligibility. The INS verification process involves primary and secondary verification:
	<u>Primary Verification</u>
	Primary verification of the individual's eligible immigration status is conducted by the PHA through the INS automated system – Systematic Alien Verification for Entitlements (SAVE). The SAVE system provides the following information:
	• Alien registration number
	• Verification number
	• First name
	• Last name
	• Immigration status message (If the primary verification method confirms eligible immigration status, the PHA will receive a message of "INS Status Confirmed." If the primary verification method fails to confirm eligible immigration status, the PHA will receive a message of "Institute Secondary Verification." In this case, secondary verification must be performed.)
	<u>Secondary Verification</u>
	Within 10 days of receiving the response of "institute secondary verification," the PHA must initiate secondary verification. The PHA submits a written request for secondary verification to a designated INS office. The request consists of photocopies (front and back) of the original INS documents submitted by the individual, attached to a copy of INS form G-845S. Upon receipt of this information, INS undertakes a manual search of its records in an attempt to determine the individual's immigration status. Upon conclusion of this manual search, INS will return the documents to the PHA with a completed copy of INS form G-845S. If eligible immigration status is confirmed, the form will so indicate. If INS is unable to confirm eligible immigration status, the form will so indicate.
	For a reexamination family, verification on citizenship or eligible immigration status should have been submitted and verified during admission or a prior reexamination. Status would not have to be re-verified unless circumstances have changed for any family member. However, the HUD reviewer may need to search documentation prior to the current reexamination to identify citizenship/immigration status evidence, documentation, certifications, etc. This determination is especially important for establishing whether the family is a "mixed" family eligible for *prorated* rental assistance.
	• The tenant file should include documentation of citizenship or eligible immigration status for any <u>new</u> family members joining the family since the prior reexamination, as well as disclosure and documentation of any family members whose citizenship status or eligible immigration status has changed since the prior reexamination.

B.   *Annual Income and Assets*

For any Section 8 HCV family, accurate determination of Annual Income is the first step in accurate calculation of Adjusted Income, Rent, and Housing Assistance Payments (for Section 8 HCV). For any public housing family electing to pay an income-based rent, accurate determination of Annual Income is the first step in accurate calculation of Adjusted Income and Tenant Rent. Accurate calculation of Annual Income and Tenant Rent is also crucial to permit a public housing family to make an informed choice about which rent method they prefer – income-based or flat – both at the time of admission and at the time of reexamination.

This section of the checklist focuses on the various potential income streams for the family – earned income, benefit income, assets, Social Security, etc. The HUD reviewer should ensure that the PHA is correctly identifying all relevant income sources and correctly determining amounts to be included in Annual Income and amounts to be excluded from consideration as Annual Income. In addition, the PHA should understand the distinction between amounts that are excluded from Annual Income "off-the-top" and amounts that are deducted from Annual Income when calculating Adjusted Income (discussed in section ***D. Adjusted Income*** of the checklist).

The HUD reviewer should ensure that PHA calculations of income are correct, including *annualizing* income for the full 12 month period. The HUD reviewer should also ensure that all income sources and amounts are adequately verified and documented using the basic principles and hierarchy of verification.

As with many other criteria related to admission and reexamination, no standard format exists for recording critical information on Annual Income. This information is likely to be recorded on one or more documents developed by the PHA for this purpose. The HUD reviewer should identify the PHA-developed application and reexamination form(s) or other documents and materials used by the PHA to capture income information in the admissions and reexamination processes. The PHA may also maintain a copy or a portion of the form HUD-50058 in the tenant file.

The HUD-50058 is structured to lead the PHA through the process of accurate calculation of income and rent. Calculation errors should be virtually eliminated for any PHA that consistently uses the HUD-50058 to submit data to MTCS for all its tenant families. However, the HUD-50058 cannot ensure that the PHA adequately verifies income information, nor can it ensure that the PHA accurately identifies appropriate income amounts. In this respect, the tenant file review process is more than an exercise in checking math.

Lines	File Review Guidance
1.	Based on the tenant file documentation, record the **Final Asset Income** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the ***Annual Income and Assets Worksheet*** (Appendix C) to compute assets and asset income, refer to the result on **Line 5.** of the assets table. Make a note where the PHA calculation of assets and asset income disagrees with the HUD calculation. Assets include, but are not limited to: • Savings accounts • Stocks, bonds and other forms of capital investments • Real property (land or property owned or bequeathed) Ensure that the PHA includes any business or family assets that the family may have disposed of for *less than fair market value* during the two (2) years preceding the effective date of the admission or reexamination (as appropriate).

B. Annual Income and Assets

Lines	File Review Guidance
	Assets do not include: • Interest in Indian Trust Lands • Equity accounts in HUD homeownership programs • Necessary items of personal property, such as furniture and automobiles • Trust funds, in cases where the trust is not revocable by, or under the control of, any member of the family or household. For each asset, establish the net cash value of the asset. The actual dollar value of the asset may have been known by the PHA at the time of the admission/reexamination (e.g., the amount in a savings account). PHA policy may also establish some formula to determine the value of an asset that may fluctuate over the course of the year. In some cases, a family might incur costs if the asset were to be actually liquidated by the family. In such cases, the dollar value of the asset should be the *net* cash value, after subtracting any costs to sell the asset from the asset's value. If the asset is expected to generate any actual "income" (such as interest on a savings account), establish the amount of income that the asset is anticipated to generate in the 12-month period following the effective date of the admission/reexamination. Final asset income is determined by using the *larger* of total anticipated actual asset income or imputed asset income. Cross check with HUD-50058, line 6j.
2.	Based on the PHA's determinations from the tenant file and the HUD-50058, confirm that the PHA has accurately identified all assets for all family members. Ensure that the PHA has checked for any assets disposed of for less than fair market value in the two (2) years preceding the effective date of the admission/reexamination. Ensure that assets are adequately verified and documented using the basic principles and hierarchy of verification.
3.	Based on the PHA's determinations from the tenant file and the HUD-50058, confirm that the PHA has accurately determined the net cash value of any asset listed. Where the PHA has established that the family disposed of assets for less than fair market value in the two (2) years preceding the effective date of the admission/reexamination, confirm that the PHA accurately established the fair market value of the disposed asset as well as the actual value received in the disposition. Ensure that the asset values are adequately verified and documented using the basic principles and hierarchy of verification.
4.	Based on the PHA's determinations from the tenant file and the HUD-50058, confirm that the PHA has accurately determined the anticipated actual income (if any) generated by the assets listed. Ensure that asset income is adequately verified and documented using the basic principles and hierarchy of verification.
5.	Where the PHA has verified that the total net cash value of the family's assets exceeds $5000, use the PHA's determinations from the tenant file and the HUD-50058 to confirm that the PHA has accurately calculated an imputed asset income based on the current passbook rate. Ensure that the PHA is using the appropriate passbook rate.

B. Annual Income and Assets

Lines	File Review Guidance
6.	Use the PHA's determinations from the tenant file and the HUD-50058 and confirm that PHA appropriately calculated final asset income by using the larger of total anticipated actual asset income (if any) or imputed asset income (if assets exceed $5000).
7.	Based on the tenant file documentation, record the **Total Annual Income** for the tenant family in the space provided on this line. If the HUD reviewer used the *Annual Income and Assets Worksheet* (Appendix C) to compute Annual Income, refer to the result on **Line 4.** of the Annual Income table. Make a note where the PHA calculation of Annual Income disagrees with the HUD calculation. Income may be received from a variety of sources. Form HUD-50058 categorizes these sources as: • **Wages**, including business income, federal wages or compensation, PHA wages or compensation, military wages, or other wages received from a public or private source. • **Welfare**, including general welfare assistance, annual imputed welfare income, and TANF assistance. • **SS/SSI/Pensions**, including periodic pensions and annuities, Supplemental Security Income, Social Security benefits, etc. • **Other Income Sources**, including child support, medical reimbursement, Indian Trust/per capita, other non-wage sources, unemployment benefits, etc. There are many types of income that are excluded "off-the-top" when calculating Annual Income. Using the file documentation, examine the record of any income sources where the PHA has identified the income source but has elected <u>not</u> to count the income in the Annual Income computation. Ensure that the PHA has not inappropriately <u>excluded</u> sources of income that should be <u>included</u>. A partial listing of income sources to be excluded: • Wages of family members under age 18 • Earnings over $480 for full-time students over age 18 • Payments for student financial assistance paid directly to the student or educational institution. • Lump-sum additions to family assets (inheritance, insurance payments, capital gains, etc.) • Lump-sum payments of deferred benefits • Temporary, non-recurring, sporadic income • Amounts received for reimbursements of medical expenses of any family member • Income of a Live-in Aide • Adoption assistance payments in excess of $480 per child • Payments to keep developmentally disabled family members at home. • Payments received for care of foster children or adults • Special armed forces pay • Foreign government reparations payments. • Earnings and benefits from employment training programs funded by HUD • Incremental earnings/benefits from participation in qualifying state/local employment programs • Reimbursement for out-of-pocket expenses while attending a public assisted training program • Resident service stipend not to exceed $200 for services to the PHA (if applicable to PHA)

B.   Annual Income and Assets

Lines	File Review Guidance
	Because Annual Income reflects the amount of income anticipated to be received in the 12-months following the effective date of the admission/reexamination, any income information received by the PHA for a lesser period must be projected out over the entire 12-month period. To do this, it may be necessary to establish the *rate* at which this lesser income amount is received (e.g., hourly, weekly, monthly, etc.) in order to calculate an *annualized* amount of income that reflects the total amount of income that would be received by the family member over the entire 12-month period. Note that there are certain conditions under which the PHA must provide an ***earned income exclusion*** from Annual Income to a qualified family. Earned income exclusion is addressed on **Line 9.** and **Line 10.**
8.	Based on the PHA's determinations from the tenant file and the HUD-50058, confirm that wages and earned income are accurately identified for all family members, and adequately verified and documented using the basic principles and hierarchy of verification. Ensure that the PHA has accurately calculated wages and earned income.
9.	Where a family member is eligible for the ***earned income exclusion***, confirm that the exclusion was accurately calculated by the PHA. In the public housing program, any a family undergoing a **reexamination** and paying an income-based rent may be entitled to an earned income exclusion for any family member. In the Section 8 HCV program, any a family undergoing a **reexamination** and paying an income-based rent may be entitled to an earned income exclusion for any family member who is a person with disabilities. Generally, this earned income exclusion would not apply to a **recent admission** family in either program. In the Section 8 HCV program, the earned income exclusion would also not apply to a **portability-in** family, where the family was not already receiving assistance in the Initial PHA's jurisdiction. This is because the earned income exclusion does not apply for purposes of admission to the program. However, in the Section 8 HCV program, the earned income exclusion would apply to a **mover** family, moving with continued assistance within the PHA's jurisdiction, and a **portability-in** family, where the family was already receiving assistance in the Initial PHA's jurisdiction. These categories of families are already receiving assistance under the HCV program and are not being initially admitted. Conditions under which the PHA must provide an ***earned income exclusion*** include: • Family's Annual Income increases as a result of the employment of any family member (public housing), or any family member who is a person with disabilities (Section 8 HCV), and who was previously unemployed for one or more years prior to employment; • Family's Annual Income increases as a result of increased earnings of any family member (public housing), or any family member who is a person with disabilities (Section 8 HCV), during participation in any economic self-sufficiency or other job training program; • Family's Annual Income increases as a result of new employment or increased earnings of any family member (public housing), or any family member who is a person with disabilities (Section 8 HCV), during or within 6 months after receiving assistance, benefits or services under any state program for temporary assistance for needy families funded under Part A of Title VI of the Social Security Act, as determined by the PHA in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work (WtW) programs.

B.   Annual Income and Assets

Lines	File Review Guidance
	For a qualified family – For the first cumulative 12-month period beginning on the date the disabled family member is first employed or the family first experiences the increase in Annual Income attributable to employment, there is a 100% exclusion from the family's Annual Income. For the second cumulative 12-month period beginning on the date the family member is first employed or the family first experiences the increase in Annual Income attributable to employment, the exclusion is a 50% exclusion from the family's Annual Income. This can be a complicated and tricky determination, and the HUD reviewer should examine PHA documentation and calculations carefully for consistency with regulatory criteria and current HUD guidance. Note that the current version of the HUD-50058 does not lead the PHA through the calculation of earned income exclusion. The PHA should have its own locally-developed materials to calculate this exclusion and to document how the excluded amount was arrived at. The resulting excluded amount would then be recorded on the HUD-50058 in the appropriate space on line 7e.
10.	*Public Housing only*: As an alternative to the earned income exclusion, the PHA may offer the family an *Individual Savings Account (ISA)*. The decision to offer an ISA in lieu of the earned income exclusion is entirely discretionary on the part of the PHA, not the family. The PHA's Admissions and Occupancy policies must outline this policy, if the PHA chooses to adopt this approach. Where the PHA is offering an ISA in lieu of the earned income exclusion, the PHA would calculate rent as usual, but would deposit into the account the difference between the rent amount actually collected and the amount that would have been collected with the earned income exclusion. On this **Line 10.**, confirm that the PHA is accurately calculating the amount and depositing this amount into the family's account. The HUD reviewer should examine PHA records on deposits to the family's account, to ensure consistency with the documentation in the tenant file. The HUD reviewer should also look for evidence that the PHA has provided the family with an annual report on the status of the account, as required by regulations.
11.	Based on the PHA's determinations from the tenant file and the HUD-50058, confirm that the PHA has accurately identified sources of welfare benefit income for all family members. Ensure that welfare benefit income is adequately verified and documented using the basic principles and hierarchy of verification. Ensure that the PHA has accurately calculated welfare benefit income.
12.	If the family has welfare benefit income, determine if the family has experienced a *specified welfare benefits reduction*. If so, confirm that the PHA properly basing welfare benefit income on <u>imputed</u> welfare income, verifying and documenting the amount of the reduction, reason for reduction, etc.
13.	If the PHA has based welfare benefit income on <u>imputed</u> welfare income, determine if the file contains any evidence that the family requested a review of the PHA's calculation of income. If so, review the PHA's documentation. Where the PHA denied the family's request or refused to change the amount after review, ensure that the PHA provided proper written notice to the family

B. Annual Income and Assets

Lines	File Review Guidance
14.	Based on the PHA's determinations from the tenant file and the HUD-50058, confirm that the PHA has accurately identified Social Security, Supplemental Security Income (SSI) and other pension income for all family members. Ensure that Social Security, SSI and other pension income is adequately verified and documented using the basic principles and hierarchy of verification. Ensure that the PHA has accurately calculated Social Security, SSI and other pension income.
15.	Use the results from the table, as well as the PHA's determinations from the tenant file and the HUD-50058, and confirm that the PHA has accurately identified all "other" income sources for all family members. Ensure that "other" income is adequately verified and documented using the basic principles and hierarchy of verification discussed in the Introduction. Ensure that the PHA has accurately calculated "other" income.
16.	In general, based on your file review, make an overall determination that the **Total Annual Income** figure computed by the PHA and used for this family was accurately calculated and that all sources and amounts were properly verified and documented using the basic principles and hierarchy of verification. Make note of the specific areas where PHA calculation of Annual Income disagrees with the HUD calculation.

C. Dwelling Unit / Utility Allowance

This section captures basic information about the actual unit occupied by the tenant family. For purposes of income and rent determinations, this information is important for establishing the utility allowance to be provided to the family and, for the Section 8 HCV, will impact the family's rent and HAP payments to the owner.

All relevant information should be found in the tenant file on the dwelling lease, inspection form(s), and other PHA-developed materials.

Lines	File Review Guidance
1.a.	Record the address of the unit where the tenant family lives. This information should be recorded on the Dwelling Lease and other PHA admission and reexamination materials in the tenant file. For **recent admission**, **mover** and **portability-in** families in the Section 8 HCV program, the information should also be found on HUD-52517: Request for Tenancy Approval.

Cross check the unit address with HUD-50058, line 5a. |
| **1.b.** | Record the actual number of bedrooms in the unit where the family lives. This information should be recorded on the Dwelling Lease and other PHA admission and reexamination materials in the tenant file, including the Housing Quality Standards (HQS) inspection report for Section 8 HCV families.

For **recent admission**, **mover** and **portability-in** families in the Section 8 HCV program, cross check this information with the unit size listed on the family's Housing Voucher, HUD-52646, based on the PHA's subsidy standards. It is possible that the family selected a unit whose size is different than the unit size listed on the family's voucher.

Cross check the number of bedrooms in the unit with HUD-50058, line 5d. |

C.   Dwelling Unit / Utility Allowance

Lines	File Review Guidance
2.a.	***Public Housing only***: Record the name of the project where the unit is located. This information should be recorded on the Dwelling Lease and other PHA admission and reexamination materials in the tenant file. Project name is not reflected on the HUD-50058.
2.b.	***Public Housing only***: Record the project number where the unit is located. This information should be recorded on the Dwelling Lease and other PHA admission and reexamination materials in the tenant file. Cross check the project number with HUD-50058, line 1d.
3.a.	Based on the file documentation, determine if the family is responsible for some or all of the unit's utilities, appliances or other housing services. If the answer is "Yes", go to **Line 3.b.** If the answer is "No", enter $0 on **Line 3.b.** and proceed to ***Section D. Adjusted Income***.
3.b.	Where the tenant family is responsible for paying for or providing some or all of the unit's utilities, appliances or other housing services, the family must be given a utility allowance in the Section 8 HCV program. Generally, for a **recent admission**, **mover**, or **portability-in** family in the Section 8 HCV program, the Request for Tenancy Approval should fully outline the utility combination for this unit and responsibility for utilities. However, the PHA may have determined that the owner's proposed rent was not rent reasonable and the owner subsequently changed the rent amount. One approach to changing the rent amount might have been a change in responsibility for certain utilities – e.g., the owner might have elected to assume responsibility for providing additional utilities under the lease. In this case, the utility combination on the Request for Tenancy Approval would need to be revised to reflect these changes in utility responsibilities. For a **reexamination** family, the utility combination might have changed significantly since the prior reexamination (or initial leasing). Both the dwelling lease and the HAP contract should specify the current combination of utilities and appliances, particularly if these have changed. In the public housing program, where the tenant family is paying an income-based rent and is responsible for paying for or providing some or all of the unit's utilities, appliances or other housing services, the family must also be given a utility allowance. Utility allowances should be based on the PHA's schedule for such allowances, taking into account the size and type of unit and the type of utility used. Note that, even between units of the same bedroom size in the same project, utility allowances may vary due to actual unit physical size, location within the project, types of utilities applicable to different units, etc. Based on the tenant file documentation, record the **Total Utility Allowance** provided to the tenant family in the space provided on this line. If the HUD reviewer used the ***Utility Allowance Worksheet*** (Appendix C) to compute utility allowance, refer to the total from the utility allowance table on the worksheet.
3.c.	Based on your file review, make a determination that the **Utility Allowance** computed by the PHA and used for this family was accurately calculated, based on the appropriate PHA utility allowance schedule(s). Make a note where the PHA determination of utility allowance disagrees with the HUD determination.

Tenant File Review Checklist Instructions
   Rental Integrity Monitoring
   Public Housing / Sec. 8 Housing Choice Voucher

D. Adjusted Income

In computing **Adjusted Income**, the PHA must take **Total Annual Income** and subtract various deductions. There are four basic <u>mandatory</u> income deductions that must be provided to qualified families when computing Adjusted Income:

- Dependent deduction;

- Elderly/Disabled Family deduction;

- Medical/Disability Assistance Expenses deduction;

- Child Care Expenses deduction

For all tenant files reviewed, ensure that the PHA has verified the family's qualification for the deductions using appropriate verification methods. Ensure that the PHA has properly calculated the mandatory deduction amounts. Note instances where the PHA has <u>not</u> provided the appropriate deduction to an apparently qualified family.

In the public housing program, the PHA has the discretion to establish additional deductions from Annual Income, over and above the mandatory deductions, when computing Adjusted Income. These are <u>permissive</u> deductions and must be adopted by written policy. The HUD reviewer should review the PHA's Admissions and Occupancy Policies and determine if the PHA has adopted any permissive deductions. If so, ensure that the family has been given any appropriate permissive deductions for which they qualify, based on the PHA's policy. Ensure that these permissive deductions are properly verified using appropriate verification methods, and that the deduction amounts are properly calculated.

As with Annual Income, no standard format exists for recording or calculating Adjusted Income. This information is likely to be recorded on one or more documents developed by the PHA for this purpose. The HUD reviewer should identify the PHA-developed application and reexamination form(s) or other documents and materials used by the PHA to capture income information in the admissions and reexamination processes. The PHA may also maintain a copy or a portion of the form HUD-50058 in the tenant file.

Again, the HUD-50058 is structured to lead the PHA through the process of accurate calculation of income and rent. Calculation errors should be virtually eliminated for any PHA that consistently uses the HUD-50058 to submit data to MTCS for all its tenant families. However, the HUD-50058 cannot ensure that the PHA adequately verifies income information, including income adjustments, nor can it ensure that the PHA accurately identifies appropriate income and adjustment amounts. In this respect, the tenant file review process is more than an exercise in checking math.

Lines	File Review Guidance
1.a.	Based on the tenant file documentation, record the **Dependent Deduction** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the ***Adjusted Income Worksheet*** (Appendix C) to calculate deductions, refer to the result on **Line 1.b.** of that worksheet.
	Dependents include any family members who are under age 18, have a disability, or are full-time students of any age. Dependents who are temporarily absent from the home, but listed on the lease, should be included. Dependents do not include household members who are head of household, spouse of head, foster children, foster adults, live-in aides, the children of live-in aides, or any other members of the household who are not considered family members. Cross check the number of dependents with HUD-50058, line 8q.
	Where the family has dependents, total dependent deduction should be calculated by multiplying the total number of dependents times the standard dependent deduction of $480 per dependent. Cross check with HUD-50058, line 8r. to ensure that PHA has used the standard deduction amount in its calculation. Cross check total dependent deduction amount, as reflected in tenant file, with HUD-50058, line 8s.

D. Adjusted Income

Lines	File Review Guidance
1.b.	Ensure that the PHA has accurately calculated the dependent deduction amount, and that dependent status is properly verified and documented by the PHA. Make a note where the PHA determination of dependent deduction disagrees with the HUD determination.
2.a.	Based on the tenant file documentation, record the **Elderly/Disabled Family Deduction** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the *Adjusted Income Worksheet* (Appendix C) to calculate deductions, refer to the result on **Line 2.b.** of that worksheet. Confirm whether the family qualifies as an "elderly/disabled" family. For the family to qualify for this deduction, the head of the family, the spouse of the head, or the sole member of the family must be a person age 62 or over, <u>or</u> be a disabled person. Refer to the checklist table under section *A. Family Composition,* where age and disability status of family head and spouse were established. The standard "elderly/disabled" family deduction is $400 per family. Note that this deduction is <u>per family</u>, not per individual. Cross check with HUD-50058, line 8p. to ensure that PHA has used the standard deduction amount in its calculation.
2.b.	Ensure that the PHA has accurately calculated the elderly/disabled family deduction amount, and that the family's status is properly verified and documented by the PHA. Make a note where the PHA determination of elderly/disabled family deduction disagrees with the HUD determination.
3.a.	Based on the tenant file documentation, record the **Medical/Disability Assistance Expenses Deduction** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the *Adjusted Income Worksheet* (Appendix C) to calculate deductions, refer to the result on **Line 14.** of that worksheet. A family is entitled to a deduction for the sum of the following, to the extent the sum exceeds three percent of Annual Income: • Unreimbursed medical expenses for an elderly or disabled <u>family</u> (i.e., head, spouse or sole member is elderly or disabled); • Unreimbursed reasonable attendant care and auxiliary apparatus expenses for <u>each</u> member of any family who is a person with disabilities, to the extent necessary to enable <u>any</u> member of the family (including the member with disabilities) to be employed. Any deduction given for these types of expenses may not exceed the earned income received by the family member(s) who are 18 years of age or older and who are enabled to work because of the care or apparatus. This can be a tricky computation, particularly when the family has <u>both</u> medical expenses and attendant care/auxiliary apparatus expenses. The HUD-50058, lines 8f. – 8n., correctly leads the PHA through this calculation, assuming the PHA has accurately identified and verified the expense amounts used.
3.b.	Ensure that the PHA has accurately calculated the medical/disability assistance expenses deduction amount, and that the expenses are properly verified and documented by the PHA. Make a note where the PHA determination of medical/disability assistance expenses deduction disagrees with the HUD determination.

D. Adjusted Income

Lines	File Review Guidance
4.a.	Based on the tenant file documentation, record the **Child Care Expenses Deduction** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the *Adjusted Income Worksheet* (Appendix C) to calculate deductions, refer to the result on **Line 20.** of that worksheet. Child care expenses are defined as: Amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which Annual Income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for child care. In the case of child care necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in Annual Income. Not all child care expenses are eligible to be used as a deduction. Only child care expense that are necessary to enable a member of the family to seek employment, be gainfully employed or to further his/her education are eligible. Child care expenses for any other purpose are not eligible as a deduction. Of course, a PHA could interpret these terms broadly. Many activities could fall under the umbrella of "enabling a family member to actively seek employment or be gainfully employed" or "enabling a family member to further his/her education." Again, PHA policy should clarify the types of employment-related or education-related activities that might qualify for the child care expenses deduction Determine if the family includes any family members who are under age 13. Refer to the checklist table under section *A. Family Composition,* where date of birth of each family member was confirmed. Cross check with HUD-50058, line 8t.
4.b.	Ensure that the PHA has accurately calculated the child care expenses deduction amount, and that the expenses are properly verified and documented by the PHA. Make a note where the PHA determination of child care expenses deduction disagrees with the HUD determination.
5.a.	*Public Housing only:* Based on the tenant file documentation, record the **Total Permissive Deductions** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the *Adjusted Income Worksheet* (Appendix C) to calculate deductions, refer to the result on **Line 22.** of that worksheet. PHAs may adopt, by written policy, *permissive* deductions from Annual Income to determine Adjusted Income. Permissive deductions are one of many strategies that the PHA may adopt as an *alternative* approach to dwelling rents. Adoption of permissive deductions is at the sole discretion of the PHA, provided the amounts are not already required to be deducted from Annual Income and are not reimbursed to the family from some other source. While the PHA may elect to give permissive deductions for any number of good reasons, all of these deductions will mean reduced rents, and it is the PHA that must absorb any resulting reduction in rents. Review the PHA's Admissions and Occupancy policies and determine if the PHA has adopted any *permissive* deductions from Annual Income. Obviously, the specific permissive deduction, the deduction amount and eligibility for the deduction will vary widely from PHA to PHA.

D. Adjusted Income

Lines	File Review Guidance
5.b.	Confirm that the PHA has accurately calculated the permissive deduction amount. Confirm that any expenses that form the basis for the calculations were properly verified and documented using the basic principles and hierarchy of verification discussed in the Introduction. Confirm that the family was eligible for the permissive deductions awarded. Determine if the family appeared to be eligible for permissive deductions that were <u>not</u> awarded by the PHA and, if so, has the PHA documented the reasons for not awarding the deductions. Make a note where the PHA determination of permissive deductions disagrees with the HUD determination.

6.a.	Based on the tenant file documentation, record the **Total All Deductions** (if any) for the tenant family in the space provided on this line. If the HUD reviewer used the ***Adjusted Income Worksheet*** (Appendix C) to deductions, refer to the result on **Line 24.** of that worksheet.
	
	The total of all of the deductions given to the family should equal the total of these checklist figures:
	
	    • **Dependent Deduction (Line 1.a.)**
	
	    • **Elderly/Disabled Family Deduction (Line 2.a.)**
	
	    • **Medical/Disability Assistance Expenses Deduction (Line 3.a..)**
	
	    • **Child Care Expenses Deduction (Line 4.a.),** and
	
	    • **Permissive Deductions (Line 5.a.)**
	
	Cross check the total with the PHA's calculations and HUD-50058, line 8x.

6.b.	In general, based on your file review, make an overall determination that the **Total All Deductions** figure computed by the PHA and used for this family was accurately calculated and that all circumstance and deduction amounts were properly verified and documented using the basic principles and hierarchy of verification. Is there consistency and agreement between the documentation in the tenant file, the PHA's calculations, the information recorded on HUD-50058, and your calculations? Does the documentation in the tenant file actually support the deductions given? Make note of the specific areas where PHA calculation of deductions disagrees with the HUD calculation.
7.a.	Based on the tenant file documentation, record the **Total Adjusted Income** for the tenant family in the space provided on this line. If the HUD reviewer used the ***Adjusted Income Worksheet*** (Appendix C) to deductions, refer to the result on **Line 25.** of that worksheet.
7.b.	In general, based on your file review, make an overall determination that the **Total Adjusted Income** figure computed by the PHA and used for this family was accurately calculated. Make note of the specific areas where PHA calculation of Annual Income disagrees with the HUD calculation.

Complete Section E. for a Public Housing family only.

E.   Rent – Public Housing only

Public housing tenant families are given a choice of paying either an Income-based Rent or a Flat Rent (not based on income), both at the time of admission and at the time of annual reexamination. At the time of annual reexamination, a tenant family may "switch" from their current rent method to the alternative rent method

For those families choosing an Income-based Rent, the first steps in computing rent are to compute Annual Income and Adjusted Income. The actual income-based rent methodology used by the PHA can be either the "traditional" method (i.e, 30% of Adjusted Income / 10% of Annual Income / Welfare Rent), or an *"alternative"* method, developed by the PHA. Whatever the method, an income-based rent cannot exceed the rent that would be calculated under the traditional method. Income-based rents must be no lower than a PHA-established minimum rent, and may also be "capped" on the upper end by a PHA-established ceiling rent.

For those families choosing a Flat Rent, rent is based on a flat rent schedule for all units, developed by the PHA, based on comparability with the local rental market. The PHA is also required to compute an income-based rent, where necessary to permit the family to compare the rents based on the two methods and make an informed choice. The family must provide updated income information in order for the PHA to make the calculation.

Between the time of admission and the family's first annual reexamination, and between regularly scheduled annual reexaminations, the family paying a flat rent may choose to "switch" from the flat rent to the income-based rent. Under these circumstances, the PHA should conduct an interim reexamination for the family in order to establish the income-based rent. Again, the family must provide updated income information in order for the PHA to make the calculation.

For either rent method, income-based or flat, the rent may be "prorated" for a family that includes both members with citizenship or eligible immigration status and members without citizenship or eligible immigration status.

Because of the great flexibility given PHAs in designing their approach to tenant rent, the HUD reviewer will need to examine the PHA Plan and Admissions and Occupancy policies carefully to gain a thorough understanding of the PHA's policies and procedures, how the PHA's alternative method (if any) works, calculations made, percentages used, flat rent schedule, etc. PHA materials in the tenant file should give a clear picture of how any rent method was applied to this tenant family. As with income, no standard format exists for calculating rent. This information is likely to be recorded on one or more documents developed by the PHA for this purpose. The HUD reviewer should identify any PHA-developed documents and materials used by the PHA to calculate rent. The PHA may also maintain a copy or a portion of the form HUD-50058 in the tenant file.

Again, remember that that the HUD-50058 is structured to lead the PHA through the process of accurate calculation of income and rent. Calculation errors should be virtually eliminated for any PHA that consistently uses the HUD-50058 to submit data to MTCS for all its tenant families. However, the HUD-50058 cannot ensure that the PHA adequately verifies income information, including income adjustments, nor can it ensure that the PHA accurately identifies appropriate income and adjustment amounts.

Lines	File Review Guidance
1.a.	Based on the tenant file documentation, indicate whether the tenant file record includes evidence that the family was given a choice of the two rent methods: **Income-based Rent** or **Flat Rent**. This information should be clearly documented in the tenant file
1.b.	Based on the tenant file documentation, indicate whether the Tenant Rent is an **Income-based Rent** or a **Flat Rent**. Cross check the type of rent method selected with HUD-50058, line 10u.

E. Rent – Public Housing only

Where the family has elected to pay an **Income-based Rent**, complete **Line 2.** through **Line 16.** of the checklist.
Where the family has elected to pay a **Flat Rent**, skip these lines and proceed to **Line 17.** of the checklist.

Lines	File Review Guidance
2.	Review the PHA's Admissions and Occupancy policies and determine if the PHA has adopted an *alternative* method for computing income-based rent. Indicate the type of income-based rent method used: *traditional* method or a PHA *alternative* method (if any). Where the PHA has adopted an *alternative* method, it will still be necessary to compute TTP under the traditional method to establish the upper limit of the *alternative* income-based TTP. The PHA is permitted to develop an income-based rent structure that uses income-based rents other than the traditional "30% of Adjusted / 10% of Annual" Total Tenant Payment (TTP) figures. The PHA can develop income-based rent policies that use a percentage of family income (Annual or Adjusted Income) or some other "reasonable" system to determine income-based rents. One restriction is that the traditional TTP amount now becomes the upper limit of what the PHA can use as an income-based rent. In other words, the PHA's rent policies cannot establish income-based rents that would exceed the amounts calculated under the traditional TTP method, but it can establish income-based rents that would be less than the amounts calculated under the traditional TTP method. Utility allowances and utility reimbursements still apply. So, whatever income-based rent the PHA comes up with, added to whatever utility allowance the family has to pay, cannot exceed the traditional TTP amounts. If the utility allowance exceeds the PHA-determined income-based rent, then utility reimbursements would be paid by the PHA. This latitude gives the PHA lots of options on how to handle income-based rents. Many of these options for *alternative* methods are simply variations on the traditional method and are addressed in other sections of the checklist. For example: The PHA could adopt permissive deductions to Annual Income when computing Adjusted Income (discussed under section *D. Adjusted Income*); The PHA could adopt ceiling rents as a "cap" on traditional income-based rents(discussed later in this section of the checklist); The PHA could compute income-based rent under the traditional method and deposit a portion of the rent in an escrow or savings account for the future benefit of the family. However, the PHA could also adopt a rent approach that uses percentages different from the traditional "30% of Adjusted / 10% of Annual" approach.
3.	Based on the tenant file documentation, record the **Total Tenant Payment (TTP)** for a tenant family paying an income-based rent, in the space provided on this line. If the HUD reviewer used the ***Public Housing Rent Worksheet*** (Appendix C) to calculate TTP, refer to the result on **Line 2.** of that worksheet. Cross check PHA calculations of TTP with HUD-50058, line 9j. and line 10d. (if capped by ceiling rent).
4.	Based on the tenant file documentation, conclude that the PHA accurately calculated traditional, income-based TTP, based on the documented Annual and Adjusted Income amounts.

Tenant File Review Checklist Instructions
   Rental Integrity Monitoring
   Public Housing / Sec. 8 Housing Choice Voucher

E.   Rent – Public Housing only

Lines	File Review Guidance
5.a.	Where the TTP is based on the minimum rent, the PHA must grant an exemption from minimum rent to any family if the PHA determines that the family is unable to pay the minimum rent due to financial hardship (unless hardship is temporary). Review the tenant file record and determine whether the family requested "financial hardship exemption" from paying a minimum rent. If so, ensure that the PHA established that a qualifying long-term financial hardship existed, based on regulatory requirements for suspension of minimum rent and on any other circumstances established by PHA policy. Ensure that this determination is documented using appropriate verification techniques. Cross check with HUD-50058, line 9m.
5.b.	Ensure that the PHA correctly suspended the minimum rent for a qualifying long-term, financial hardship exemption. Where the minimum rent was waived, cross check with HUD-50058, line 9h. Where the PHA verified that the hardship was temporary, ensure that the PHA correctly reinstated the minimum rent in accordance with regulatory requirements. Ensure that these determinations are documented using appropriate verification techniques.
6.	A family which includes both members <u>with</u> and members <u>without</u> citizenship or eligible immigration status (i.e., a "mixed" family) must have its rent "prorated" based on the percentage of family members with citizenship or eligible immigration status. This proration of rent applies to all families, regardless of whether the family chooses an income-based rent or a flat rent. For purposes of proration of an income-based rent, indicate whether the tenant file includes evidence that the PHA determined the family to be a "mixed" family. Refer back to section *A. Family Composition* of the checklist to confirm whether the family includes members without citizenship or eligible immigration status. Ensure that this documented in the file, using appropriate verification techniques. Cross check with HUD-50058, lines 10j. and 10k. Where the family is a "mixed" family, eligible for prorated assistance, and paying a traditional, income-based rent, skip **Lines 7.** through **10.** and proceed to **Line 11.**
7.	Based on the tenant file documentation, record the **Total Tenant Payment (TTP)** for a tenant family paying an income-based rent where the rent is computed based on an *alternative* income-based method. If the HUD reviewer used the ***Public Housing Rent Worksheet*** (Appendix C) to calculate TTP, refer to the result on **Line 3.** of that worksheet. Because of the significant flexibility given to PHAs in the development of an *alternative* income-based rent system, no single approach will apply to all PHAs in all situations. Where the PHA has adopted an *alternative* income-based rent method, the HUD reviewer will need to carefully examine the PHA's A&O policies to fully understand the PHA's method. PHA-developed materials, worksheets, computer software, and other tools used by the PHA to compute an *alternative* income-based rent will be critical. Cross check PHA calculations of TTP with HUD-50058, line 9j. and line 10d. (if capped by ceiling rent). Also, examine HUD-50058, line 9e. to determine if a percentage other than 30% was used to calculate percentage of Adjusted Monthly Income and, if so, does this percentage match the PHA's *alternative* income-based rent method?

Tenant File Review Checklist Instructions
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E. Rent – Public Housing only

Lines	File Review Guidance
8.	Based on your understanding of the PHA's alternative income-based method and your review of the PHA's documentation, confirm that the PHA has accurately calculated alternative income-based TTP. If necessary, attach copies of any worksheets or documents used by the PHA to arrive at the alternative income-based TTP.
9.	Income-based TTP computed by the traditional method acts as an upper limit on the amount of income-based TTP computed by the PHA *alternative* method. Ensure that the PHA has made this comparison between TTP amounts computed by both methods, and that the *alternative* method TTP does not exceed the traditional method TTP. Refer to the traditional method income-based TTP found on **Line 3.**
10.	A family which includes both members <u>with</u> and members <u>without</u> citizenship or eligible immigration status (i.e., a "mixed" family) must have its rent "prorated" based on the percentage of family members with citizenship or eligible immigration status. This proration of rent applies to all families, regardless of whether the family chooses an income-based rent or a flat rent. For purposes of proration of an income-based rent, indicate whether the tenant file includes evidence that the PHA determined the family to be a "mixed" family. Refer back to section ***A. Family Composition*** of the checklist to confirm whether the family includes members without citizenship or eligible immigration status. Ensure that this documented in the file, using appropriate verification techniques. Cross check with HUD-50058, lines 10j. and 10k. Where the family is a "mixed" family, eligible for prorated assistance, and paying an *alternative* income-based rent, proceed to **Line 11.**
11.	Based on the tenant file documentation, record the **Total Tenant Payment (TTP)** for a "mixed" tenant family paying an income-based rent, in the space provided on this line. If the HUD reviewer used the ***Public Housing Rent Worksheet*** (Appendix C) to calculate prorated TTP for a "mixed" family, refer to the result on **Line 8.** of that worksheet. Cross check with HUD-50058, lines 10p.
12.	Based on the tenant file documentation, conclude that the PHA accurately calculated the prorated income-based TTP for a "mixed" family.

13.	Based on the tenant file documentation, record the **Tenant Rent** for a tenant family paying an income-based rent, in the space provided on this line. If the HUD reviewer used the ***Public Housing Rent Worksheet*** (Appendix C) to calculate Tenant Rent for a family paying an income-based rent, refer to the result on **Line 11.** of that worksheet.
	
	   In general, Tenant Rent is computed by subtracting the appropriate utility allowance (**Line C.4.b.**) from the TTP (either **Line E.3.** or **Line E.11.**).
	
	   Where the utility allowance exceeds the TTP, proceed to **Line 14.**
	
	Cross check with HUD-50058, line 10f. (for a non-prorated rent) or line 10s. (for a prorated rent).

Tenant File Review Checklist Instructions
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E. Rent – Public Housing only

Lines	File Review Guidance
14.	Based on the tenant file documentation, record the **Utility Reimbursement** for a tenant family paying an income-based rent, where the utility allowance exceeds the TTP. If the HUD reviewer used the ***Public Housing Rent Worksheet*** (Appendix C) to calculate utility reimbursement, refer to the result on **Line 12.** of that worksheet. Cross check with HUD-50058, line 10f. (for a non-prorated rent) or line 10s. (for a prorated rent). Ensure that the file record indicates that the PHA is paying a utility reimbursement directly to the family or to the utility supplier(s).
15.	In general, based on your file review, conclude that the PHA's calculation of income-based **Tenant Rent** is accurate.
16.	Double-check the **Tenant Rent** amount against the PHA's rent rolls to ensure agreement and consistency.

Where the family has elected to pay an **Flat Rent**, complete **Line 17.** through **Line 20.** of the checklist. Where the family has elected to pay a **Income-based Rent**, skip these lines.

Lines	File Review Guidance
17.	Based on the tenant file documentation, record the **Flat Rent** applicable to this family. If the HUD reviewer used the ***Public Housing Rent Worksheet*** (Appendix C) to calculate utility reimbursement, refer to the result on **Line 13.** of that worksheet. The PHA must have a **Flat Rent** schedule establishing flat rents for all of its units. Review this schedule and determine the flat rent applicable to this dwelling unit. Cross check with HUD-50058, line 10b.
18.	Based on the tenant file documentation, record the prorated **Flat Rent** for a "mixed" tenant family, in the space provided on this line. If the HUD reviewer used the ***Public Housing Rent Worksheet*** (Appendix C) to calculate prorated flat rent for a "mixed" family, refer to the result on **Line 18.** of that worksheet. This amount should have been entered on HUD-50058, line 10b., as the "Unit's flat rent." NOTE that the HUD-50058 does not lead the PHA through the calculation of a prorated Flat Rent. However, the **Form HUD-50058 Instruction Booklet**, **Appendix III**, includes a worksheet for computing prorated Flat Rent.
19.	In general, based on your file review, conclude that the PHA's calculation of **Flat Rent** is accurate.
20.	Double-check the **Flat Rent** amount against the PHA's rent rolls to ensure agreement and consistency.

Complete Section F. for a Section 8 Housing Choice Voucher family only.

F. Family Rent and HAP – Section 8 HCV only

This section of the checklist covers various calculations of rent and assistance payments which the PHA must make in the Section 8 Voucher program. This is a fairly detailed process, though not particularly complicated. The calculations are basic mathematical calculations. At different points in the process, the PHA makes various logical decisions, based on the numbers, which then lead the PHA on to the next set of calculations.

No standard format exists for calculating rent. This information is likely to be recorded on one or more documents developed by the PHA for this purpose. Most PHAs use some form of computer-based system or software application to calculate rent and HAP, based on figures entered by PHA staff. Remember that that the HUD-50058 is structured to lead the PHA through the process of accurate calculation of income and rent. Calculation errors should be virtually eliminated for any PHA that consistently uses the HUD-50058 to submit data to MTCS for all its tenant families. However, the HUD-50058 cannot ensure that the PHA adequately verifies income information, including income adjustments, nor can it ensure that the PHA accurately identifies appropriate income and adjustment amounts.

For purposes of the tenant file review, it's important for the HUD reviewer to understand how these calculations are made and not rely solely on the results generated through computer-based applications. By walking through the calculations, step-by-step, the HUD reviewer will get a clearer picture of the accuracy of the calculations and, more importantly, the key decision points in the process and _why_ certain calculations are made in a certain manner. Ultimately, this will enable the HUD reviewer to better troubleshoot any PHA errors or misunderstandings and provide better technical assistance. In this respect, the rent and HAP review process should be more than simply an exercise in checking math.

Housing Conversion Actions: Certain voucher-assisted families may have received their housing voucher pursuant to a housing conversion action, such as a project-based preservation prepayment, a project-based owner opt-out, a HUD enforcement action or a HUD property disposition.

When a family receives a voucher in this manner, they may elect to _stay_ in the project where they already reside (possibly the same unit) and use their voucher assistance in that project (note that certain restrictions apply in these circumstances). Where the family chooses to stay and is eligible to do so, the family may qualify for **_enhanced_** voucher assistance. This **_enhanced_** assistance may impact the payment standard applied to the family, the family's rent and the HAP payments made for the family.

Housing conversion actions and their relationship to Section 8 tenant-based assistance are thoroughly discussed in HUD Notice 2001-41 (HA), issued 11/14/2001. When reviewing a tenant file for a family receiving **_enhanced_** voucher assistance, refer to Notice 2001-41 for guidance on determining the appropriate family rent and HAP.

Lines	File Review Guidance
1.	Based on the tenant file documentation, record the **Total Tenant Payment (TTP)** for a Section 8 HCV tenant family, in the space provided on this line. If the HUD reviewer used the **_Section 8 HCV Rent and HAP Worksheet_** (Appendix C) to calculate TTP, refer to the result on **Line 2.** of that worksheet. Cross check PHA calculations of TTP with HUD-50058, line 9j. and line 12r.
2.	Based on the tenant file documentation, conclude that the PHA accurately calculated Section 8 HCV TTP, based on the documented Annual and Adjusted Income amounts.

F. Family Rent and HAP – Section 8 HCV only

Lines	File Review Guidance
3.a.	Where the TTP is based on the minimum rent, the PHA must grant an exemption from minimum rent to any family if the PHA determines that the family is unable to pay the minimum rent due to financial hardship (unless hardship is temporary). Review the tenant file record and determine whether the family requested "financial hardship exemption" from paying a minimum rent. If so, ensure that the PHA established that a qualifying long-term financial hardship existed, based on regulatory requirements for suspension of minimum rent and on any other circumstances established by PHA policy. Ensure that this determination is documented using appropriate verification techniques. Cross check with HUD-50058, line 9m.
3.b.	Ensure that the PHA correctly suspended the minimum rent for a qualifying long-term, financial hardship exemption. Where the minimum rent was waived, cross check with HUD-50058, line 9h. Where the PHA verified that the hardship was temporary, ensure that the PHA correctly reinstated the minimum rent in accordance with regulatory requirements. Ensure that these determinations are documented using appropriate verification techniques.
4.a.	Based on the tenant file documentation, record the **Payment Standard** applied to this Section 8 HCV tenant family, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine payment standard, refer to the result on **Line 3.** of that worksheet for any family who is a **recent admission**, **mover**, **portability-in**, or **enhanced voucher** family. Refer to the result on **Line 8.** of that worksheet for any family who is a **reexamination** family . Cross check with HUD-50058, line 12j.
4.b.	Based on the tenant file documentation, conclude that the PHA applied the appropriate payment standard to this tenant family, based on the PHA's payment standard schedule, the size of the family, the size of the unit the family occupies, and other criteria related to changes in the PHA's payment standard schedule and subsidy standards over the previous year.
5.	Based on the tenant file documentation, record the **Gross Rent** of the unit occupied by the Section 8 HCV tenant family, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine gross rent, refer to the result on **Line 11.** of that worksheet. In general, gross rent is computed by adding the appropriate utility allowance (**Line C.4.b.**) to the Rent-to-Owner. Cross check with HUD-50058, line 12p.

F. Family Rent and HAP – Section 8 HCV only

Lines	File Review Guidance
6.	Based on the tenant file documentation, record the **Total Housing Assistance Payment (HAP)** to the owner, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine total HAP, refer to the result on **Line 12.c.** of that worksheet. In general, total HAP is based on the <u>lower</u> of the Payment Standard applicable to the unit, minus the TTP, or the Gross Rent of the unit, minus the TTP. Note that, when calculating HAP for *enhanced* voucher assistance families, there should be no difference between the Payment Standard and the Gross Rent. Cross check with HUD-50058, line 12s.
7.	Based on the tenant file documentation, conclude that the PHA accurately calculated total HAP.
8.a.	*Reexamination family only:* Refer to the calculation of HAP (**Line 6.**) at the reexamination effective date (annual, interim, special, other, etc.). Was the HAP zero ($0)? If "Yes", proceed to **Line 8.b.** If "No", skip **Line 8.b.** and proceed to **Line 9.** If the reexamination results in a zero ($0) HAP, the family may continue as a program participant for six months from the date of the reexamination effective date. During that period the HAP contract between the PHA and the owner remains in effect. If the family circumstances change during the six month period and the family again needs assistance, the PHA conducts an interim reexamination and reinstates assistance. At the end of six months, if the subsidy has not been restored, the HAP contract will terminate.
8.b.	Where the calculation of HAP resulted in a zero ($0) HAP – At the point in time that you are reviewing this tenant file, has it been <u>less than 6 months</u> since the reexamination effective date? If "Yes", confirm that the HAP contract remains in effect and that the family continues as a program participant. If the tenant file review is taking place <u>later than six months</u> after the reexamination effective date, and the family circumstances have not changed, confirm that the HAP contract has terminated.
	Complete **Line 9.** through **Line 14.** only for a family who is <u>not</u> a "mixed" family and will <u>not</u> have their housing assistance prorated.
9.	Based on the tenant file documentation, record the **Family Share of Rent**, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine Family Share of Rent , refer to the result on **Line 13.b.** of that worksheet for any family who is a **recent admission**, **mover**, or **portability-in** family. Refer to the result on **Line 14.** of that worksheet for any family who is a **reexamination** family or **enhanced voucher** family. The Family Share of Rent is the family's contribution toward the *Gross* Rent for the unit. The Family Share may be the same as the TTP or may be a higher amount, depending on the unit the family selects. Where the family leases a unit with a Gross Rent that is <u>less than</u> or <u>equal to</u> the payment standard, the Family Share will be the same as the TTP.

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F.   *Family Rent and HAP – Section 8 HCV only*

Lines	File Review Guidance
	For a **recent admission**, **mover**, or **portability-in** family, the family may lease a unit with a Gross Rent that is <u>greater than</u> the payment standard. When the Gross Rent for the unit exceeds the payment standard, this typically means that the family will be obligated to pay a relatively larger portion of their income for their share of the rent. While this is allowable in the housing choice voucher program, there is an upper limit or ceiling on the amount of rent a family can pay relative to their income. This upper limit or ceiling is known as the **Maximum Initial Rent Burden**. The Family Share of Rent may not exceed 40% of the family's Adjusted Monthly Income. This restriction only applies to the initial leasing and initial assisted occupancy in a particular unit. It would not apply to any subsequent rent increases during the family's assisted occupancy in that same unit. So, for such a family, the Family Share of Rent will be the TTP <u>plus</u> the amount by which the Gross Rent exceeds the Payment Standard, <u>but not to exceed</u> the "maximum initial rent burden."
	For a **reexamination** family (i.e., a family undergoing a reexamination of income and rent, and remaining in their unit with continued assistance – <u>not</u> a mover or a portability-in family), determination of "maximum initial rent burden" does <u>not</u> apply. So, where a reexamination family is leasing a unit with a Gross Rent <u>greater than</u> the Payment Standard, the Family Share of Rent will be the TTP <u>plus</u> the amount by which the Gross Rent exceeds the Payment Standard.
	Note also that the "maximum initial rent burden" does <u>not</u> apply to a family receiving *enhanced* voucher assistance, who elects to stay in the unit they were already occupying under project-based assistance.
	Cross check the result with HUD-50058, line 12t.
10.	Based on the tenant file documentation, record the actual **HAP to Owner**, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine HAP to Owner, refer to the result on **Line 15.** of that worksheet. Generally, HAP to Owner is computed by taking the <u>lowest</u> of the Rent to Owner or the Total HAP (**Line 6.**). Cross check the result with HUD-50058, line 12u.
11.	Based on the tenant file documentation, record the actual **Family Rent to Owner**, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine Family Rent to Owner, refer to the result on **Line 16.** of that worksheet. Generally, Family Rent to Owner is computed by subtracting the HAP to Owner (**Line 10.**) from the Rent to Owner. Cross check the result with HUD-50058, line 12v.
12.	Based on the tenant file documentation, record the **Utility Reimbursement** to a Section 8 HCV family. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to calculate utility reimbursement, refer to the result on **Line 17.** of that worksheet. Generally, utility reimbursement is computed by subtracting the actual HAP to Owner (**Line 10.**) from the Total HAP (**Line 6.**), <u>but not to exceed</u> the actual **Utility Allowance** (**Line C.4.b.**). Cross check the result with HUD-50058, line 12w.

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F. Family Rent and HAP – Section 8 HCV only

Lines	File Review Guidance
13.	In general, based on your file review, conclude that the PHA's calculation of **Family Rent to Owner** and **HAP** are accurate.
14.	Double-check the **HAP** amount against the PHA's HAP register to ensure agreement and consistency.
Complete **Line 15.** through **Line 18.** only for a family who <u>is</u> a "mixed" family (includes both members with and members without citizenship or eligible immigration status) and <u>will</u> have their housing assistance prorated.	
15.	Based on the tenant file documentation, record the prorated **Family Rent to Owner** for a "mixed" family, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine prorated Family Rent to Owner, refer to the result on **Line 22.** of that worksheet. A specific tenant family may include <u>both</u> members who are citizens or have eligible immigration status <u>and</u> members who are not citizens or do not have eligible immigration status (or elect not to state whether they have eligibility status). Such a family is considered a "mixed" family. For a "mixed" family, the amount of housing assistance must be prorated based on the percentage of family members with citizenship or eligible immigration status. Cross check the result with HUD-50058, line 12ai.
16.	Based on the tenant file documentation, record the prorated **HAP Owner** for a "mixed" family, in the space provided on this line. If the HUD reviewer used the *Section 8 HCV Rent and HAP Worksheet* (Appendix C) to determine prorated HAP to Owner, refer to the result on **Line 23.** of that worksheet. Cross check the result with HUD-50058, line 12aj.
17.	In general, based on your file review, conclude that the PHA's calculation of prorated **Family Rent to Owner** and prorated **HAP** for a "mixed" family are accurate.
18.	Double-check the **HAP** amount against the PHA's HAP register to ensure agreement and consistency.